

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

- Appointments ... Appt
-
- Clearinghouse Rules ... CRule
-
- Committee Hearings ... CH
-
- Committee Reports ... CR
-
- Executive Sessions ... ES
-
- Hearing Records ... HR
-
- Miscellaneous ... Misc
- 97hr_JC-Fi_Misc_pt06l_DPR
- Record of Comm. Proceedings ... RCP
-

Joint Finance

16.515/16.505

14 Day Passive
Reviews

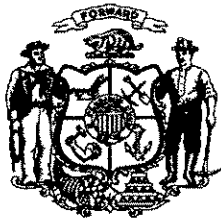
7/25/97 —
12/4/97

ONR-Willow Flouage
10/10/97

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

Room LL 1 MLK
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
SCOTT JENSEN

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 264-6970

JOINT COMMITTEE ON FINANCE

October 14, 1997

Secretary George Meyer
Department of Natural Resources
101 South Webster Street
Madison, Wisconsin 53707

Dear Secretary Meyer:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed your request, dated October 7, 1997, pursuant to s. 23.0915(4), Stats., regarding a proposed 8,720 acre land purchase from Four States Timber Venture/Tenneco Packaging Corporation in the amount of \$9,800,000.

No objections have been raised concerning this request. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of Scott Jensen in black ink.

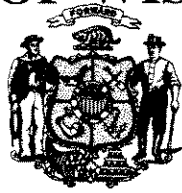
SCOTT JENSEN
Assembly Chair

cc: Jay Huemmer, Department of Administration
Members, Joint Committee on Finance

BB/SJ/jc

Burke

STATE OF WISCONSIN



SENATE CHAIR
BRIAN BURKE

LL1 119 Martin Luther King Blvd.
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535

ASSEMBLY CHAIR
SCOTT JENSEN

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 264-6970

JOINT COMMITTEE ON FINANCE

October 7, 1997

TO: Members
Joint Committee on Finance

FROM: Representative Scott Jensen, Assembly Co-Chair
Senator Brian Burke, Senate Co-Chair

SUBJECT: Proposed 8,720 acre Willow Flowage Scenic Waters Purchase

The Department of Natural Resources has forwarded a \$9.8 million, 8,720 acre proposed land purchase under the Warren Knowles-Gaylord Nelson Stewardship program for the Committee's review under section 23.0915(4) of the Wisconsin statutes (14-day passive review). The attached memorandum from the Legislative Fiscal Bureau describes the project. As noted in the memo, the DNR Secretary has requested expedited review by the Committee in order to accommodate the sellers desire to close on the transaction by October 15, 1997.

Joint Finance and the Legislature have shown support for this project in the past as evidenced by: (a) a 1995-97 budget provision authorizing \$3.6 million (the June 30, 1996, uncommitted balance) from the Lower Wisconsin Riverway component of Stewardship to be used for the purchase; and (b) the provision in Enrolled 1997 AB 100 requiring DNR to designate the Willow Flowage as an outstanding resource water.

Given past legislative support for this project and in order to accommodate the Secretary's request, we would ask that any objections to this proposed purchase be received by the Co-chairs not later than 5:00 p.m. on Friday, October 10, 1997. If no objections have been raised by five o'clock on Friday it is our intent to approve the request at that time. If, however, an objection is raised, a meeting will be scheduled for 10:30 on Tuesday, October 14, to take up the request.

SJ/BB/jc
Attachment



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

October 7, 1997

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Proposed DNR Purchase of the 8,720-acre Willow Flowage Scenic Waters Project

REQUEST

The Department of Natural Resources requests approval to purchase 8,720 acres and obtain a scenic easement on additional lands from Four States Timber Venture/Tenneco Packaging Corporation in Oneida County at a price of \$9,800,000.

BACKGROUND

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in bonding for this purpose over a 10-year period, ending in fiscal year 1999-2000. The law allocates funding among twelve categories of land acquisition and development programs.

The proposed acquisition of the Willow Flowage would provide opportunities for public recreation and protect scenic land. The proposed purchase includes 106 islands, approximately 64 miles of mainland shoreline and an easement on over nine miles of shoreline. Improvements on the land include boat landings, woodland roads and primitive campsites. The majority of the land in the proposed purchase is undeveloped, and the Department has indicated that the project will likely be managed with little additional development. Enrolled 1997 AB 100 would require DNR to designate the Willow Flowage as an outstanding resource water. The 8,720 acres had an appraised value of \$9.6 million (\$1,100 per acre) in October 1993 (excluding the 100-foot-wide scenic easement along another nine miles of shoreline). A second appraisal in October 1994 placed the value of the land at \$7.2 million.

Funding for the purchase would come from the general land acquisition and Lower Wisconsin State Riverway (LWSR) components of the stewardship program. 1995 Act 27 authorized DNR to expend a level of funds equal to the amount of the funds that have not been expended, encumbered or committed before July 1, 1996, from the LWSR component for the purchase of the Willow Flowage. The Department proposes to use \$3.6 million from the LWSR component for this purpose. The remaining \$6.2 million would come from the general land acquisition component, with \$3.4 million from the 1997-98 allocation and \$2.8 million from the 1998-99 allocation. Under s. 23.0915(2)(d), DNR may use up to 50% of the bonding authority for a subsequent fiscal year in order to allow for large or unique purchases, where funds would otherwise be insufficient, and where delaying or deferring part of the cost into the future is not reasonably possible.

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship purchases of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed expenditure. If the Co-chairpersons do not notify DNR within 14 working days after the Department's notification that an objection has been made to the expenditure, DNR may make the purchase. If an objection to the purchase is made, then the Committee must schedule a meeting to consider the purchase. DNR may then make the proposed expenditure only with Committee approval.

DNR notification of the purchase of land from Four States Timber Venture/Tenneco Packaging Corporation was received by the Co-chairpersons on October 7, 1997. The 14-day review period would end on October 27. The Department, however, has requested that the Committee approve the purchase by October 10.

ANALYSIS

As part of the negotiations, the Department agreed to make "every reasonable effort" to close the purchase of the Willow Flowage by October 15. This condition was requested by the seller for business reasons. The contract for the purchase of the property expires on November 7, 1997. While any delay beyond October 15 would not be desirable to the seller of the land, the agreed purchase price would still be valid until November 7.

The Department indicates that the funding from the general land acquisition component was split over two fiscal years to give the Department the funds to continue to make some land purchases in both years rather than to completely use one year's allocation on this purchase. Under current law, the general land acquisition component is funded at \$6.7 million annually.

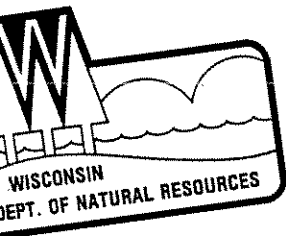
The Department indicates that it would have to alter its future land purchasing practices under stewardship to finance the acquisition of the Willow Flowage. This might include foregoing or delaying certain land purchases, or emphasizing the purchase of undeveloped rather than developed land.

As passed by the Legislature, AB 100 creates two new components in the stewardship program, both of which derive some of their funding by reducing the annual allocation to the general land acquisition component of stewardship. General land acquisition is reduced by \$1 million annually for the open space protection program and by \$500,000 annually for the bluff protection program. Under Enrolled AB 100, the annual allocation for general land acquisition would be \$5.2 million. This would further constrain DNR's use of the general land acquisition component for other purchases in the next two fiscal years.

None of the stewardship projects earmarked in Enrolled AB 100 are directly funded from the general land acquisition component of the program. The Grandfather Falls and the Badger Trail provisions would generally allow DNR to choose the components of stewardship against which funding would be credited.

The only development the Department foresees at the current time is the placement of gates at various points on the property. This would most likely be funded from the general property development component of stewardship. However, additional development for the Willow Flowage could be recommended once the public master planning process for the property is completed.

Prepared by: Russ Kava



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Tommy G. Thompson, Governor
George E. Meyer, Secretary

Box 7921
101 South Webster Street
Madison, Wisconsin 53707-7921
TELEPHONE 608-266-2621
FAX 608-267-3579
TDD 608-267-6897

OCT - 7 1997

IN REPLY REFER TO: WR-467

Honorable Brian Burke
Member State Senate
302 Hamilton
CAPITOL

Honorable Scott Jensen
Member State Assembly
Room 315N
CAPITOL

Brian + Scott

Dear Senator Burke and Representative Jensen:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed 8,720-acre land purchase from Four States Timber Venture/Tenneco Packaging Corporation for \$9,800,000. This notice is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects that expend more than \$250,000.

The Natural Resources Board approved the purchase on October 8, 1997. The land, located in Oneida County, is required for Wildlife Habitat, Public Recreation and Scenic Area Protection for the Willow Flowage Scenic Waters Area. There are sufficient funds appropriated to complete the purchase.

Attached please find a memo and maps describing this transaction. The file number is WR-467. The Department has discussed the proposed purchase with local elected officials and state representatives and has received no objections.

I certify that this request for consideration meets all applicable state and federal statutes, rules, regulations, and guidelines. This certification is based upon a thorough and complete analysis of this request.

The Joint Committee on Finance review process is typically 14 working days after this notification. However, for business reasons, the seller has requested a rapid approval and closing by October 15, 1997. Therefore, I request your early consideration and approval by October 10. If the Committee has no objections, the Department will forward the proposal to the Governor for his consideration. Please contact David Morehouse at 266-2241 to answer any questions you may have in this matter. Thank you for this consideration.

Sincerely,

George
George E. Meyer
Secretary

cc: Legislative Fiscal Bureau

*Your excellent cooperation
on this purchase is
greatly appreciated.*

Quality Natural Resources Management
Through Excellent Customer Service



CORRESPONDENCE/MEMORANDUM

DATE: October 3, 1997

FILE REF: WR-467

TO: Governor Thompson

FROM: George E. Meyer *George*

SUBJECT: Proposed Land Acquisition, Four States Timber Venture Tract/Tenneco
Packaging Corporation, File # WR-467,
Agreement Expires November 7, 1997

1. PARCEL DESCRIPTION:

Willow Flowage Scenic
Oneida County

Grantor:

Four States Timber Venture/Tenneco Packaging Corporation
c/o Paul Stecko
N9090 Hwy E
Tomahawk, WI 54487

Acres: 8,720Price: \$9,800,000Appraised Value: \$9,592,000 (1993)Interest: Purchase in fee.Improvements: None

Location: The tract is located 15 miles southwest of Minocqua, in
western Oneida County.

Land Description: The subject area varies from level to rolling, with
some scenic overlooks of the flowage.

<u>Coverttype Breakdown:</u>	<u>Type</u>	<u>Acreage</u>
	Woodland	6,439
	Bog, Open land	<u>2,281</u>
	TOTAL	8,720

Zoning: ForestryPresent Use: ForestryProposed Use: Public Recreation and Scenic Area ProtectionTenure: Long TermProperty Taxes: N/A, Forest Crop LawAgreement Date: September 26, 1997

2. JUSTIFICATION:

The 8,720-acre Four States Timber Venture/Tenneco Packaging Corporation property is proposed for purchase to provide opportunities for public recreation, to protect and maintain scenic land, and to prevent incompatible development for the Willow Flowage.

The 8,720 acre Willow Flowage Scenic Waters project located in Oneida County 15 miles southwest of Minocqua, is being proposed for establishment as a project pursuant to s. 23.14 of the statutes. The intent of the project is to perpetuate the undeveloped character of the Willow Flowage and to preserve the scenic beauty, natural resources, and heritage for future generations.

The flowage is nearly undeveloped and has a wilderness character over much of its area. It is famous for its scenic qualities, natural character, wilderness setting, and fishing opportunities. The Willow flowage has been nominated for status as an Outstanding Resource Water by the Natural Resources Board.

Purchase is recommended to provide public use of and access to the land for outdoor recreation and to protect the area to preserve its scenic beauty.

As proposed in this transaction, the Willow Flowage Scenic Waters project of 8,720 acres would be purchased for \$9,800,000. The purchase includes 106 islands, 64.1 miles of mainland shoreline, plus a scenic easement on an additional 9.4 miles of shoreline. Improvements included in the purchase are limited to boat landings and woods roads. With this transaction, 95% of the shoreline will be kept in a natural state.

The Flowage was created in 1926 when a dam was constructed on the Tomahawk River downstream of its confluence with the Willow River. The flowage is used to provide a constant flow of water for power production downstream. Of the 77 miles of total frontage, about 3.6 miles are in private ownership that includes 3 resorts, 2 campgrounds, a few private cabins, a boat tour company, and a general store. The vast majority of the flowage is undeveloped. The flowage has a maximum depth of 22 feet. While depth and surface areas vary seasonally, wildlife and the fishery flourish.

The fishery is primarily northern pike, muskellunge, and walleye. There are smaller populations of smallmouth bass and perch. The flowage has significant populations of eagles, osprey and common loons. There are six existing boat landings located on the flowage and a number of primitive camp sites.

The Willow Flowage Scenic Waters project will be managed as it has been in the past with little manmade development. The project will feature management to enhance the musky and walleye fishery, protect the water quality of the flowage and provide natural type public recreational and educational uses such as fishing, hunting, hiking and trapping. A long range management plan, project boundary, and an acreage goal allocation reflective of present and planned ownership will be determined by a master plan including a public participation element.

Authority to acquire the land comes from the several subsections of s. 23.09(2)(d), Stats., due to the variety and significance of the Willow Flowage's Scenic Waters resources. That statute authorizes land purchases by the Department for fisheries, wildlife, forestry, parks, natural areas and recreation areas.

Establishment of the Willow Flowage Scenic Waters Project and purchase of the 8,720 acres of land will protect and preserve this outstanding resource. It is the Department's goal to perpetuate the character of the undeveloped shoreline of the Willow Flowage and to preserve this natural heritage for future generations.

Approval of this purchase is recommended to preserve this outstanding resource, permit resource management and provide area for outdoor recreation.

3. FINANCING:

State Stewardship bond funds are anticipated:

	Funds allotted to program:	Balance after transaction
General Acquisition - FY98	\$10,200,000	\$3,388,243
General Acquisition - FY99	\$6,700,000	\$3,900,000
Lower Wisconsin Funds (pre-97)*	\$3,600,000	\$0

Comments: * Approved for the purchase in 1995-97 biennial budget bill.

4. ACQUISITION STATUS OF THE WILLOW FLOWAGE:

Established: 1997

Acres Purchased to Date: *8,720 Acres

Acquisition Goal: 8,720 Acres

Cost to Date: \$9,800,000

* The project will be established effective with Natural Resources Board and Governor's approval of the purchase.

5. APPRAISAL:

Appraiser: William Steigerwaldt (Private Appraiser)

Valuation Date: October 22, 1993

Appraised Value: \$9,592,000

Highest and Best Use: Public Recreation

Allocation of Values:

- a. land: 8,720 acres @ \$1,100 per acre: \$9,592,000
- b. market data approach used, six comparable sales cited
- c. adjusted value range: \$1,040 to \$1,728 per acre

Appraisal Review: Rod Bush

Comments: Craig Solum, also a private appraiser, estimated value at \$7,200,00 as of October 5, 1994. Since the reports are 4 and 3 years old respectively, and since the reports did not include the value of a scenic easement on the west 9.4 miles of frontage, the \$9,800,000 price appears to be well within reasonable current values.

RECOMMENDED:

David C. Morehouse
David C. Morehouse

10/3/97
Date

Richard Henne
Bureau of Legal Services

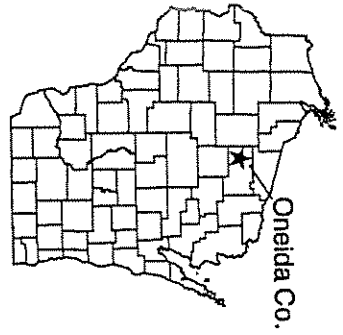
10/3/97
Date

Steven W. Miller
Steven W. Miller

10-3-97
Date

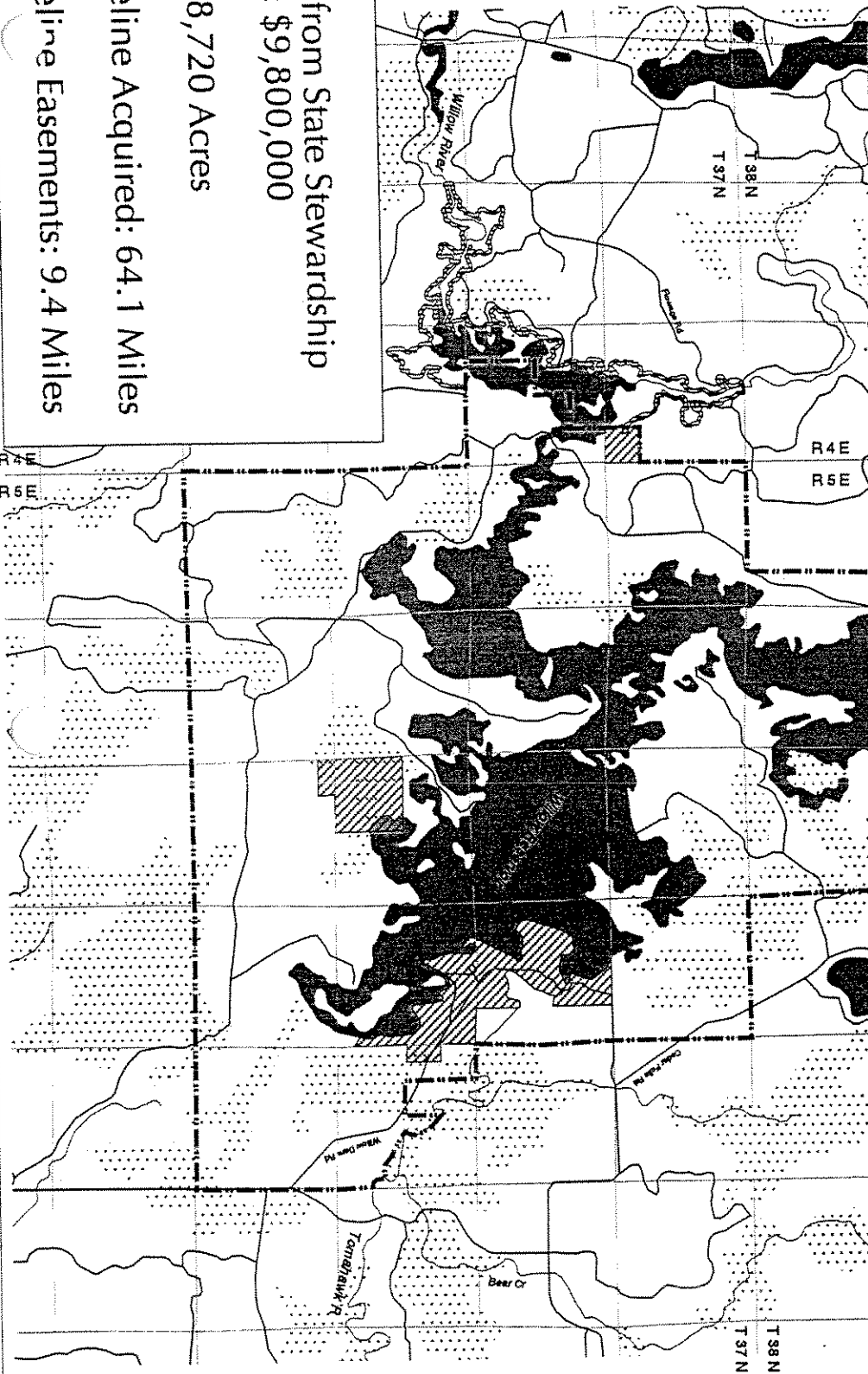
RES:jp

Willow Flowage Lands



Project Boundary
Section Lines
Easement
Private Ownership
Marsh

0.5 0 0.5 1 Miles



Price from State Stewardship
Fund: \$9,800,000

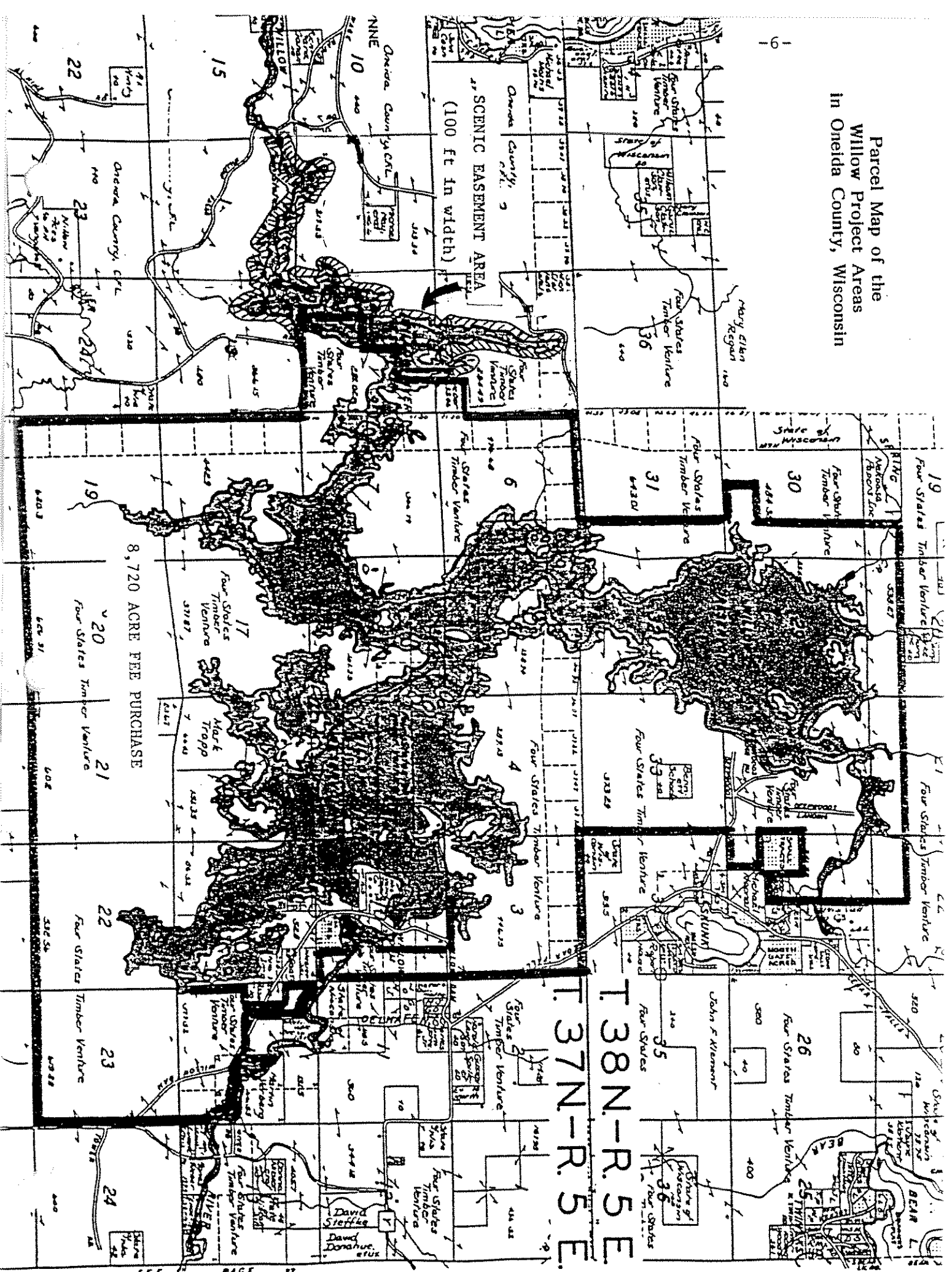
Size: 8,720 Acres

Shoreline Acquired: 64.1 Miles

Shoreline Easements: 9.4 Miles

Parcel Map of the
Willow Project Areas
in Oneida County, Wisconsin

- 9 -



T 38N-R. 5 E
T 37N-R. 5 E

8,720 ACRE FEE PURCHASE

SCENIC EASEMENT AREA
(100 ft in width)

